

Exhibit G

Exhibit 1

CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE)
COMMISSION,)
)
Plaintiff,)
) 19 Civ. 9439 (PKC)
- against -)
)
TELEGRAM GROUP INC. and)
TON ISSUER INC.,)
)
Defendants.)
_____)

****CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER****

Videotaped deposition of PAVEL DUROV (as
30(b)(6) corporate representative of Defendants and
also in his personal capacity), Volume 1, taken on
behalf of Plaintiff at Hadeef & Partners, LLC, Emaar
Square, Building 3, Level 5, Downtown Dubai, Dubai,
United Arab Emirates, beginning at 11:21 a.m. and
ending at 9:54 p.m., on Tuesday, January 7, 2020,
before LEAH WILLERSDORF, Member of the British
Institute of Verbatim Reporters, Accredited Verbatim
Reporter, Qualified Realtime Reporter - Level 2,
International Participating Member NCRA.

JOB No. 200107LWI

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12:52:37 1 MR. DRYLEWSKI: Yes.

12:52:37 2 BY MR. TENREIRO:

12:52:38 3 Q. At some point Telegram began working on
12:52:41 4 something that we've been referring to as the TON or
12:52:42 5 TON Blockchain project; is that correct?

12:52:47 6 A. Yes, we started to explore this area
12:52:49 7 somewhere in early 2017.

12:52:51 8 Q. In early 2017?

12:52:52 9 A. Yes.

12:52:53 10 Q. Okay. And when was the time when Telegram
12:52:58 11 started doing a little bit more than exploring
12:53:00 12 actually, you know, sort of developing the TON
12:53:04 13 Blockchain -- let me start again.

12:53:05 14 Why don't I ask a question like this: When
12:53:08 15 was the first time that Telegram used any,
12:53:12 16 for example, of the equipment it had for purposes of
12:53:14 17 the TON Blockchain?

12:53:34 18 A. I think the earliest time could be summer
12:53:44 19 2017.

12:53:45 20 Q. Summer 2017?

12:53:47 21 A. (Nonverbal response.)

12:53:48 22 Q. Okay. Before -- at that time, did
12:53:53 23 Telegram's monthly expenditures on equipment change
12:53:55 24 in any way, or did they stay the same, or -- did they
12:54:01 25 change in any way?

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14:46:12 1 in the purchase agreements.

14:46:13 2 Q. Right. So there were two rounds and the
14:46:16 3 first round you refer to as a pre-sale, and the second
14:46:19 4 round as Stage A; is that correct?

14:46:21 5 A. Correct.

14:46:22 6 Q. At some point there was a contemplated
14:46:24 7 third round; is that right?

14:46:25 8 A. That is right.

14:46:26 9 Q. That was going to be called Stage B?

14:46:29 10 A. I believe that was the plan.

14:46:31 11 Q. And why was that plan -- that did not
14:46:34 12 occur, correct?

14:46:37 13 A. Correct, it did not occur.

14:46:39 14 Q. Why not?

14:46:51 15 A. Our plans related to subsequent rounds
14:46:57 16 were always subject to market conditions and other
14:47:09 17 conditions, such as regulatory environment. In this
14:47:12 18 case specifically, I believe the main factor was that
14:47:22 19 we didn't think that the timing was right, given the
14:47:34 20 degrees in interest towards blockchain projects in the
14:47:39 21 market at that time.

14:47:43 22 Q. Approximately when did you decide not
14:47:45 23 to do the Stage B?

14:47:59 24 A. I think we retained a large degree of
14:48:09 25 flexibility throughout this entire process because

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14:48:18 1 we had no ability to predict how the market would
14:48:30 2 change, but by late 2018 we considered Stage B highly
14:48:48 3 unlikely.

14:48:51 4 Q. Okay. And this Exhibit 42, you've signed
14:48:54 5 it, correct? Or you -- yeah, you signed it, right,
14:48:58 6 on the last page?

14:48:59 7 A. Yeah. I believe I did, yeah.

14:49:01 8 Q. Okay. And did you review it before you
14:49:04 9 signed it?

14:49:04 10 A. I had.

14:49:05 11 Q. Okay. And if I can direct your attention
14:49:07 12 to page 5 of 6 at the top, the item under "13" where
14:49:13 13 it says "Offering and Sales Amounts."

14:49:19 14 Do you see that?

14:49:19 15 A. Yeah.

14:49:21 16 Q. Okay. And do you see where it says "Total
14:49:25 17 Offering Amount" 850 million, "Total Amount Sold"
14:49:31 18 850 million, "Total Remaining to be Sold" \$0?

14:49:36 19 Do you see that?

14:49:37 20 A. Correct.

14:49:37 21 Q. Okay. Earlier you talked about how, for
14:49:42 22 Stage A, the process of, I guess, completing the
14:49:45 23 offering took into the autumn of 2018. Do you recall
14:49:50 24 telling me that?

14:49:58 25 MR. DRYLEWSKI: Objection to form.

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14:49:58 1 THE WITNESS: I did tell you that some of
14:50:00 2 the purchasers failed to meet their obligations, yes.
14:50:03 3 BY MR. TENREIRO:

14:50:04 4 Q. Right. And I think you also said earlier
14:50:06 5 that Stage A was, I think you said, fully signed by
14:50:09 6 March --

14:50:11 7 A. Yes.

14:50:11 8 Q. -- of 2018?

14:50:13 9 A. Correct.

14:50:13 10 Q. What did you mean by "fully signed"?

14:50:22 11 A. I meant that we had signed agreements from
14:50:37 12 the private purchasers that correspond to the amount
14:50:48 13 of 850 million.

14:50:49 14 Q. And is it signed -- so we'll get to the
14:50:53 15 purchase agreements but I think we'll agree that there
14:50:56 16 was a purchase agreement for the pre-sale and
14:50:59 17 a purchase agreement for Stage A, correct?

14:51:01 18 A. Yes.

14:51:01 19 Q. And when you said "signed agreements,"
14:51:04 20 do you mean signed purchase agreements or was it
14:51:06 21 something else like letters of interest in that
14:51:09 22 answer?

14:51:09 23 A. I mean purchase agreements, so Stage A.

14:51:11 24 Q. Okay. So you had, by some point in March
14:51:16 25 of 2018, purchase agreements signed that would total

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15:57:06 1 what you think is the main reason?

15:57:17 2 A. The main reason is to make the network as
15:57:19 3 secure and as decentralized as possible.

15:57:21 4 Q. And why was that reason not put in the
15:57:23 5 email -- or, I'm sorry, in the letter, really, to
15:57:29 6 investors?

15:57:29 7 A. Because this letter to potential investors
15:57:35 8 deals with the narrow topic of describing the current
15:57:43 9 status of the private placement and the process
15:58:00 10 associated with it, including the steps that potential
15:58:03 11 investors have to take to participate. It seems that
15:58:11 12 including technical details about the philosophy or
15:58:29 13 security or stability of the upcoming project was
15:58:33 14 redundant in this context.

15:58:36 15 Q. The next sentence says:

15:58:42 16 "Throughout the process we have emphasized
15:58:44 17 the importance of Grams being widely distributed,
15:58:46 18 which we believe will allow Grams to function as a
15:58:49 19 decentralized currency."

15:58:51 20 Do you see that?

15:58:51 21 A. Yes.

15:58:51 22 Q. Okay. Is that true, that throughout the
15:58:54 23 process Telegram emphasized the importance of Grams
15:58:56 24 being widely distributed? Is that statement true?

15:59:03 25 A. It is. We believe it is true because we

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15:59:06 1 tried to make sure that we have a wide range of
15:59:13 2 sophisticated purchasers that come from different
15:59:22 3 continents which could create the balance and
15:59:37 4 decentralization that we were looking to create.

15:59:38 5 Q. If you go to the next page, please,
15:59:45 6 towards the top there is a sentence that says:

15:59:47 7 "As an illustration, if the round is
15:59:51 8 US\$1.15 billion, the price to investors will be
15:59:54 9 approximately \$1.45 per Gram."

15:59:57 10 Do you see that?

15:59:57 11 A. Yes.

15:59:58 12 Q. So there's a reference price in some of
16:00:00 13 the materials, including the White Paper; is that
16:00:11 14 correct? For the price of Grams, I should clarify.

16:00:15 15 MR. DRYLEWSKI: Objection to form.

16:00:19 16 THE WITNESS: We used an exponential
16:00:21 17 formula, which was included in the primer and the
16:00:24 18 Technical White Paper, to be able to determine the
16:00:34 19 fair price per Gram during the private placement.

16:00:37 20 BY MR. TENREIRO:

16:00:38 21 Q. And just to try to put it in some layman's
16:00:42 22 terms, is it fair to say that under the exponential
16:00:46 23 formula the first Gram was worth \$0.10?

16:00:48 24 A. I believe that's so, yes.

16:00:50 25 Q. And an exponential increase for every

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18:58:38 1 To avoid confusion, it may be worth
18:58:42 2 mentioning that an entity that has "Da Vinci" in its
18:58:53 3 name participated in the private placement, or an
18:59:21 4 entity affiliated with it, I think, could have
18:59:24 5 participated in the private placement, so this could
18:59:37 6 be that.

18:59:43 7 It could also be an effort of the fund
19:00:07 8 managers represented by Da Vinci Capital Group Ltd.
19:00:13 9 in the finders' fees agreement to introduce more high
19:00:36 10 net-worth individuals and sophisticated investors that
19:00:47 11 have also invested in one of their funds and to
19:01:08 12 introduce those people to the opportunity.
19:01:11 13 That may be it.

19:01:13 14 MR. DRYLEWSKI: Since this didn't come
19:01:14 15 from us, do you have a date that you can represent for
19:01:17 16 this document?

19:01:18 17 MR. TENREIRO: I think the document speaks
19:01:21 18 of "Price Per Token - 133," "Date of Investment - June
19:01:25 19 2018," "Token Unfreeze Date - December 2018." That's
19:01:29 20 on the front page.

19:01:36 21 BY MR. TENREIRO:

19:01:36 22 Q. So my question is, did Telegram stop
19:01:40 23 Da Vinci Capital from using a pitch deck of this
19:01:45 24 nature?

19:01:45 25 MR. DRYLEWSKI: Objection to form.

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19:02:00 1 THE WITNESS: This question implies that
19:02:02 2 we were aware of those materials, and I am not certain
19:02:07 3 we were. Also, without knowing the exact source of
19:02:17 4 this document, it's difficult to say how exactly it
19:02:42 5 had been used or whether it is real.

19:03:24 6 In any case, we did not prepare those
19:03:26 7 documents and I don't think we ever authorized the use
19:03:45 8 of those documents, although if it deals with -- if it
19:03:53 9 deals with only those investors that were at the same
19:03:59 10 time investors in Da Vinci Capital, as it is stated
19:04:08 11 here at the top of this document, it would be logical
19:04:24 12 to assume that if this document was used, it was used
19:04:27 13 only internally among the shareholders of this fund
19:04:59 14 mentioned here.

19:05:00 15 BY MR. TENREIRO:

19:05:00 16 Q. Do you know of an entity called [REDACTED]
19:05:04 17 [REDACTED]?

19:05:11 18 A. I'm not sure.

19:05:12 19 Q. Are they an investor in Telegram?

19:05:15 20 A. We can check. I'm not sure.

19:05:19 21 Q. Okay.

19:05:24 22 MR. DRYLEWSKI: Your reaction suggests
19:05:26 23 that he should know the answer to that --

19:05:29 24 MR. TENREIRO: Well --

19:05:30 25 MR. DRYLEWSKI: -- every investor in the

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19:11:07 1 in any way.

19:11:09 2 MR. DRYLEWSKI: In this particular
19:11:10 3 instance, yeah, I think that's a little too specific
19:11:13 4 for what we've done, but the witness can answer the
19:11:16 5 question.

19:11:27 6 THE WITNESS: I think it is clear from the
19:11:31 7 email from John to Oleg that he's not happy with the
19:11:37 8 fact that this document is being distributed, even
19:11:40 9 though this document may have been only accessible to
19:11:51 10 LPs and investors of this fund.

19:12:01 11 I can say in my personal capacity that
19:12:16 12 I was never happy when people tried to interpret what
19:12:29 13 we were trying to do, and, as you can see from this
19:12:42 14 email exchange, we reached out to the parties that we
19:12:55 15 thought were involved in order to get explanations
19:13:02 16 from them.

19:13:03 17 BY MR. TENREIRO:

19:13:04 18 Q. And did you -- you were talking about your
19:13:06 19 personal capacity; "I was never happy." Okay. You
19:13:15 20 reached out to the parties that were involved to get
19:13:18 21 explanations from them. Other than doing that, did
19:13:21 22 you stop them in any other way from using marketing
19:13:26 23 materials?

19:13:27 24 MR. DRYLEWSKI: Objection to form. Again,
19:13:39 25 objection to scope.

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21:46:34 1 MR. TENREIRO: Let me hand you what is
21:46:37 2 Exhibit 67, TLGRM-004-20. Why do I feel like we
21:46:43 3 already did that one?

21:46:46 4 (Exhibit 67 marked for identification.)

21:47:16 5 BY MR. TENREIRO:

21:47:16 6 Q. So my question, Mr. Durov, is who is
21:47:20 7 Moshe Joshua?

21:47:47 8 A. My understanding is that Moshe is a friend
21:47:51 9 of Ilia.

21:47:51 10 Q. Okay. And did he make -- did he send sort
21:47:56 11 of emails trying to solicit investments in Telegram on
21:48:06 12 or around November of 2017?

21:48:25 13 A. I'm not sure whether it qualifies as
21:48:32 14 solicitation. All I can see here is Moshe trying to
21:48:39 15 be helpful, both to his friends from the investor
21:48:58 16 community that he think would benefit from taking part
21:49:10 17 in this opportunity, and probably to Ilia as his
21:49:20 18 friend, but it is hard to say.

21:49:26 19 Q. Okay. So you're saying your understanding
21:49:29 20 is that Mr. Joshua was introducing some of his friends
21:49:33 21 in the investor community, perhaps to Mr. Perekopsky,
21:49:38 22 in connection with the investment in Grams, correct?

21:49:54 23 So on the second page, the email on
21:49:57 24 November 16, 2017, he says:

21:49:58 25 "I am sending you a here an NDA for

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21:49:58 1 Telegram. They are planning a private capital raise
21:50:01 2 and ICO related to their upcoming new technology
21:50:05 3 (TON)."

21:50:05 4 Do you see that?

21:50:07 5 A. Yes.

21:50:09 6 Q. "... I am personally going to be investing
21:50:13 7 in myself, otherwise I would not be sending this email
21:50:16 8 (as I have never before solicited investments)."

21:50:18 9 Do you see that?

21:50:18 10 A. Yes.

21:50:19 11 Q. Okay. So did you have an understanding
21:50:21 12 that Mr. Perekopsky's friend was helping
21:50:24 13 Mr. Perekopsky connect with potential investors in
21:50:29 14 Grams?

21:50:47 15 A. I don't know. I think this is something
21:50:49 16 that Joshua just decided to do by himself in order to
21:51:00 17 be helpful and friendly to the parties involved.

21:51:04 18 Q. So my question is did Telegram have an
21:51:07 19 understanding that Mr. Joshua decided to do this thing
21:51:11 20 in order to be helpful and friendly to the parties
21:51:14 21 involved?

21:51:22 22 A. As a company, no, we didn't have this
21:51:26 23 understanding.

21:51:26 24 Q. Okay. But Mr. Perekopsky, I guess,
21:51:29 25 understood this?

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15:04:21 1 MR. TENREIRO: Yeah.
15:04:21 2 MR. DRYLEWSKI: Which one?
15:04:38 3 MR. TENREIRO: 3.
15:04:41 4 MR. DRYLEWSKI: 3 we did not agree to.
15:04:44 5 MR. TENREIRO: Okay. Then you should
15:04:46 6 object. And 13 and 14.

15:05:00 7 MR. DRYLEWSKI: I'll object to scope.

15:05:06 8 MR. TENREIRO: Okay.

15:05:07 9 BY MR. TENREIRO:

15:05:07 10 Q. The answer, please?

15:05:50 11 A. Are you asking whether there were any
15:05:51 12 written policies in that regard?

15:05:57 13 Q. Any -- it can be just some directive that
15:06:01 14 the company gave employees with respect to whether
15:06:03 15 they were permitted to themselves affirmatively reach
15:06:05 16 out to digital-asset trading platforms?

15:06:08 17 MR. DRYLEWSKI: Same objection.

15:06:15 18 THE WITNESS: Well, I remember discussing
15:06:17 19 this topic with my colleagues sometime in 2018 and
15:06:33 20 we came to the conclusion, based on the input from our
15:06:43 21 engineering and legal teams, that it was too early and
15:07:04 22 unnecessary for us to engage in active communication
15:07:09 23 with the crypto exchanges at that moment in time.

15:07:29 24 It may also be worth noting that,
15:07:41 25 as a general matter, we saw little point in

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15:07:50 1 proactively reaching out to exchanges, because
15:08:03 2 throughout the last two years we have been receiving,
15:08:14 3 in one way or the other, incoming inquiries from
15:08:30 4 exchanges that seemed to be very keen and most likely
15:08:47 5 commercially motivated to be among the first exchanges
15:08:57 6 that would be able to list Grams after TON Blockchain
15:09:08 7 is launched.

15:09:22 8 This is why, as a general matter,
15:09:27 9 we would, in the vast majority of cases, be approached
15:09:34 10 by exchanges and not vice versa.

15:09:42 11 BY MR. TENREIRO:

15:09:42 12 Q. And just so that we have a clear record
15:09:44 13 and are on the same page, is it your understanding
15:09:46 14 that a digital-asset platform like Coinbase, one of
15:09:50 15 the things that it does is it permits a user to
15:09:53 16 exchange fiat currency into digital assets? Is that
15:09:56 17 your understanding?

15:09:57 18 MR. DRYLEWSKI: You're asking him
15:09:58 19 personally?

15:09:59 20 MR. TENREIRO: Yeah.

15:10:02 21 MR. DRYLEWSKI: Sorry, I hope you heard
15:10:03 22 that.

15:10:10 23 THE WITNESS: Yes, I think this is within
15:10:12 24 the scope of the services they provide.

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16:47:16 1 This is why I am confused by this inquiry.

16:47:29 2 I assume that based on this and similar
16:47:36 3 inconsistencies, my colleagues may have classified
16:47:53 4 this email as inaccurate as the person writing this
16:48:11 5 may have been misled by someone; however, I am seeing
16:48:53 6 this email for the first time and am not aware of the
16:49:08 7 exact reaction of my colleagues after receiving this
16:49:20 8 email. It may have been ignored as coming from
16:49:38 9 a party that is not a party with which we have any
16:50:02 10 contractual obligations and is an email written by
16:50:16 11 somebody who was misled, but it's hard to say with
16:50:23 12 certainty.

16:50:23 13 Q. Well, let's take a step back. Do you see
16:50:25 14 that this email is sent to an email address called
16:50:31 15 ir@telegram.org?

16:50:32 16 A. Yes.

16:50:32 17 Q. What is that email account?

16:50:41 18 A. I think it was an email account created at
16:50:43 19 the beginning of the private placement process used
16:50:56 20 primarily for John and Shyam to be able to accept
16:51:10 21 indications of interest from potential purchasers.

16:51:19 22 Q. Did Telegram post that email address
16:51:22 23 somewhere, or how would someone find/know to use that
16:51:32 24 ir@telegram.org?

16:51:40 25 A. I think it was -- it's possible that it

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